

# FRONTIER FRIENDSHIP

A Chinese town becomes a key link in trade and exchange with neighbors in Southeast and South Asia *By Yu Lintao*

**W**hen Hong Kong-headquartered headwear company Yangzhou Everbright decided to open a base in Yunnan province in southwest China, it took only 45 days from the first field trip to the spot it had chosen, the industrial park in Ruili city, to production beginning at the new plant on May 8.

"It was not just Ruili's advantageous location as a Chinese gateway to the Southeast Asian market that made us invest here," said Yuan Xiaobing, director of Yangzhou Everbright's new plant in Ruili.

The city's strategic position as one of China's key experimental zones for development and opening up and the all-around service and customized solutions that the industrial park provides were the clinching factors in his company's quick decision to build the new plant here.

Besides headwear manufacturing, which is its primary business, Yangzhou Everbright also makes bags, suitcases and clothes. A group with five factories and international trade, it has partners among the world's top sports organizations, such as the U.S. National Basketball Association, Major League Baseball and National Football League.

**Border trade base** Ruili, a city neighboring Myanmar with a permanent population of around 210,000, was listed as a pilot area for border trade in the early days of China's reform and opening up in the 1980s, especially to develop trade with Myanmar. This laid the foundation for the city's development and opened it up to frontier trade and tourism.

Today, Ruili has evolved into the largest land trading port between China and Myanmar. The export and import between the two countries via Ruili accounts for about 30 percent of all China-Myanmar trade annually. Every year, more than 700,000 tons of fruit from Myanmar are exported to China via the Wanding Port in Ruili. It is the only land trade port for Myanmar's aquatic products to reach China, and around 25,000 tons of crabs and other aquatic products are imported to China from Myanmar each year through the port.

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In 2010, Ruili was named a pilot zone for greater opening up, which has boosted cooperation between China and Myanmar. "The central government's special policies for Ruili have stimulated its development, particularly after the Ruili Key Development and Opening-Up Experimental Zone was set up in 2010," Hu Chunhua, assistant director of the Development and Reform Bureau of Ruili, told Beijing Review. For instance, Ruili's import and export volume in 2012 was 14.3 billion yuan (\$2.1 billion), but in 2018, it jumped to 71.7 billion yuan (\$10.4 billion), with an annual growth surpassing 30 percent.

Cao Hongbin, assistant director of the Ruili Industrial Park's management committee, said immediately after Yangzhou Everbright's first visit to Ruili, the park started its services for the company, collecting data for customized solutions and providing detailed accounting for investment returns.

According to Hu, as a key experimental zone for development and opening up, Ruili enjoys a preferential tax policy, state assistance to upgrade infrastructure and facilitated cross-border movement of personnel, which give its enterprises an edge and attract more investment to the city.

Those who invest in the zone enjoy a 10-year tax reduction policy: a five-year tax exemption period and half taxation for the next five years. Yangzhou Everbright's long-term plan is to invest 100 million yuan (\$14.5 million) in its new plant to build it into a 40,000-square-meter headwear industrial park that will create more than 2,000 jobs.

Yuan attributed the speed with which his plant could start production to the services offered at the Ruili Industrial Park. He said the park authorities promptly fixed teething problems, such as staff recruitment, water, electricity and gas supply, and even arranged a dormitory for the workers.

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The industrial park is the industrial base of the Ruili Experimental Zone, as well as a manufacturing base for the export and import between China and South Asia and Southeast Asia. At present, 52 enterprises are operating in the park, ranging from mechano-electronic products and automobiles to garments, furniture and chemical engineering.

YinXiang Motorcycle, with headquarters in Chongqing municipality in southwest China, began its investment in Ruili in 2011. Now, it has a sprawling motorcycle industry park in the Ruili Industrial Park that produces 400,000 motorcycles annually. All of these are sold in Southeast Asia, especially Myanmar, and in South Asia.

"Our Kenbo brand has a wide market in Southeast Asia. Half of the motorcycles exported from China to Myanmar are produced by YinXiang," Fang Wei, vice general manager of YinXiang's motorcycle industry park in Ruili, said with pride.

As the motorcycle industry park grows, Fang said YinXiang is attracting more and more cooperation partners—motorcycle accessory manufacturers—to set up plants in Ruili.

"So far, there are seven new accessory plants. When the motorcycle industry park is in full operation, the annual output will reach 1 million," Fang said.

## Spillover effect

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Myanmar workers make hats at a company in Ruili on June 6

than 50,000 Myanmar nationals.

Hu said the foreigners living in Ruili, who provide a large workforce for the city's enterprises, earn a much higher salary than they would in their own country.

Kaw Htoo from Myanmar has been working at Zhiwen Furniture, a furniture enterprise based in Ruili Industrial Park, as a machine operator for about six years. The 24-year-old told Beijing Review that he now earns 3,500 yuan (\$510) each month, almost five times what he would make in his own country.

"I am happy to work here. The plant provides us with free dormitory accommodations, much better than the living conditions in my village. Some of my fellow villagers are also working here in Ruili," Htoo said.

Both Yuan and Fang said more than half of the workers in their factories are from Myanmar.

According to Hu, to make better use of human resources from neighboring countries, the city government is innovating the management of foreigners living and working in Ruili, providing them with basic work skills training and other services.

The Ruili Service and

Administration Center opened in 2013, the first of its kind in China, to provide foreigners living and working in the city with one-stop services, from temporary residence applications to health certificates, employment registration, and language and skills training.

While Myanmar workers contribute their labor to the industrial development of Ruili, the city helps Myanmar solve part of its unemployment issue and earn more foreign exchange.

In 2015, U Sein Win Aung, chairman of the Myanmar-China Friendship Association, visited Ruili and expressed appreciation for the local government's attentive service to Myanmar workers. Since then, many Myanmar officials have visited the center.

The rapid development of Ruili also has a demonstration effect on neighboring Myanmar cities. Ruili and Muse, a bordering Myanmar city, have signed an agreement to jointly set up a special economic zone for common development. As part of its activities, a China-Myanmar

border trade fair is held every year, with each city taking turns hosting it, to promote trade and cultural exchange.

In the past decade, due to the establishment of the Ruili Experimental Zone and the development of the Belt and Road Initiative that China proposed in 2013, Ruili has seen a rapid upgrading of its infrastructure. Several highways have been built to strengthen connection with other regions in Yunnan, and a new highway connecting Ruili and Myanmar's historical Mandalay City is in the planning stage. The Dali-Ruili Railway connecting Dali, in central Yunnan, with Ruili will be completed and start running by 2023. It will eventually link with Myanmar's railways, forming the western route of China's rail link with Southeast Asia.

When these transportation projects are completed, Ruili's role as a bridge to Southeast Asia will strengthen, Hu said. Then it will become a key transportation junction between China and Myanmar, promoting the development of bilateral trade, tourism, logistics and manufacturing.